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### Executive Promotion Policy at a Time of High Retirements

We are in the second year of abnormally high executive attrition, with losses exceeding 20 percent a year. We face a third such year, unless the pace of inflation abates significantly. Such losses understandably raise questions of the adequacy of the feeder group and of the desirable promotion rates.

From what information we have, this is a government-wide problem. We find that the rest of government faces high executive attrition rates, is concerned about executive development, and is concerned about the effects of pay lids and pay compression on motivation for executives to serve and to stay on the job. For the Agency, with its large number of executives eligible for earlier retirement than the rest of the Federal Service, the incentive problem is significant.

We have prepared several charts for comparison. Figure 1 shows that the average age of Agency executives is comparable with the rest of government, 51 years as compared to 52 years for the entire Federal service. The Agency has a significantly lower portion of executives aged 60 and above and a larger portion in the 50-54 bracket.

The Agency's feeder group of GS-15s is younger, 48 compared with 52, but the reason lies in an age distribution where fewer than 20 percent are above age 55 in contrast to the nearly 40 percent for the entire Federal service. The Agency has about 50 percent of its feeder group in the prime ages of 45 to 54. (Figure 2).

The comparison is favorable in terms of total length of Federal service. The Agency's executives actually have longer Federal service, 26 years compared to 23. The Agency's feeder group has directly comparable Federal service, about 22 years. (Figure 3).

The average time-in-grade of the Agency's GS-15 feeder group is 51 months, longer than for any other grade. As Figure 4 shows, there is quite a variance among the Directorates, with NFAC and DDS&T showing the longest times-in-grade. This is a function of slower promotion rates attributable to a smaller portion of employees eligible for the Agency's retirement system, with its advantages for earlier retirement.

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OPPPM has attempted a number of approaches to answer the question, "What is the desirable set of promotion rates for supergrades under present circumstances?" We have suggested that the significant focus is on the appropriate rate of draw from the feeder group. For most Directorates and components of the Agency, this draw does not exceed 10 percent of the GS-15s. Rates of 10 percent or lower permit adequate replenishment and seasoning of the feeder group. The basic control is that of enforcing the standards for promotion to supergrade equivalent.

Because the currently possible promotion rates are abnormally high, management has been interested in testing the impact of alternative promotion rates. We have tested some alternative sets of rates on the assumption that we will continue to have high supergrade losses through FY 1981, then drop back to a more normal outflow during FY 1982 and the next year. On this assumption, high promotion rates could not be maintained past FY 1981. On the other hand, rates geared to normal supergrade attrition would hold the supergrades significantly below ceiling at the end of FY 1981 and would not allow for making this up during subsequent years. It would incur high risk of a loss of supergrade ceiling by OMB action. ?

Consideration of these alternatives led to another. In this, the high maximum number of promotions possible in FY 1980 is averaged with the number of promotions associated with normal attrition. The resultant promotion level produces some shortfall in the number of supergrades below ceiling at the end of FY 1980, but permits the shortfall to be made up during subsequent years of lower attrition.

Table 1 displays the proposed promotion levels in comparison with FY 1979 and with the maximum level possible for FY 1980. Table 2 displays the results of computer simulations using the promotion levels proposed in Table 1 and incorporating the assumptions of high attrition continuing during FY 1981 but abating thereafter. The bottom line is that supergrade allowances are unused at the end of FY 1980, at the end of FY 1981, but at the end of FY 1983. The latter result stems from using promotion levels that are a bit high in relation to "normal" attrition. 25X1

There are two desirable consequences of using the proposed level of promotions. It is possible to maintain relatively steady levels of promotion through FY 1983, by which time the attrition cycle may again be on the upswing. It is also possible to schedule a more orderly process of executive development when the number of new supergrades is a year rather than the maximum currently possible. 25X1

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